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FILED
SEP 14 2017
CITY CLERK

September 14, 2017

Board of Commissioners
Terre Haute Sanitary District
City of Terre Haute
17 Harding Avenue
Terre Haute, Indiana 47807-3430

Re: Terre Haute Sanitary District – Wastewater Utility
Wastewater Improvement Project

Dear Board of Commissioners:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of the Wastewater Improvement Project by the appropriate officers, officials and advisors of the Terre Haute Sanitary District. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

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2	Schedule of Estimated Project Costs and Funding
3	Illustrative Amortization of \$15,000,000 Principal Amount of Proposed Sanitary District Revenue Bonds of 2017
4	Schedule of Proposed Combined Bond Amortization
5 – 6	Pro Forma Annual Revenue Requirements and Annual Operating Revenues
7	Schedule of Present and Future Rates and Charges

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH


Deen C. Rogers

TERRE HAUTE (INDIANA) SANITARY DISTRICT
-Wastewater Utility-

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING
(Per consulting engineer)

ESTIMATED PROJECT COSTS:

Estimated Construction Costs:

Main Lift Station	\$43,526,996
Turner Sewer	5,978,004
HRC Phase II	6,175,000
Green Projects	<u>2,000,000</u>
Sub-total	57,680,000
Contingencies (10%)	<u>5,768,000</u>
Total Estimated Construction Costs	<u>63,448,000</u>

Estimated Non-Construction Costs:

Administrative, Legal and Rounding	500,590
Relocation	288,400
Engineering Fees Basis of Design	806,000
Engineering Fees Final Design	8,336,500
Other	576,800
Project Inspection	1,730,400
Start-Up	288,400
Capitalized Interest	<u>615,910</u>
Total Estimated Non-Construction Costs	<u>13,143,000</u>
Total Estimated Project Costs	<u><u>\$76,591,000</u></u>

ESTIMATED PROJECT FUNDING:

Proposed SRF Revenue Bonds	\$15,000,000
Proposed SRF G.O. Bonds	<u>61,591,000</u>
Total Estimated Project Funding	<u><u>\$76,591,000</u></u>

(Subject to the attached letter dated September 14, 2017)
(For Discussion Purposes Only)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
-Wastewater Utility-

**ILLUSTRATIVE AMORTIZATION OF \$15,000,000 PRINCIPAL AMOUNT
OF PROPOSED SANITARY DISTRICT REVENUE BONDS OF 2017**

Principal and interest payable semiannually on January 1st and July 1st.

Assumed interest rate as indicated.

Assumes bonds dated December 1, 2017.

Payment Date	Principal Balance (In \$1,000's)	Assumed Interest Rate* (%)	Debt Service			Budget Year Total
			Principal (In \$1,000's)	Interest (-----In Dollars-----)	Total	
01/01/18	\$15,000	3.00		\$37,500.00	\$37,500.00	\$37,500.00
07/01/18	15,000	3.00		225,000.00	225,000.00	
01/01/19	15,000	3.00		225,000.00	225,000.00	450,000.00
07/01/19	15,000	3.00		225,000.00	225,000.00	
01/01/20	15,000	3.00		225,000.00	225,000.00	450,000.00
07/01/20	15,000	3.00	\$145	225,000.00	370,000.00	
01/01/21	14,855	3.00	147	222,825.00	369,825.00	739,825.00
07/01/21	14,708	3.00	142	220,620.00	362,620.00	
01/01/22	14,566	3.00	145	218,490.00	363,490.00	726,110.00
07/01/22	14,421	3.00	140	216,315.00	356,315.00	
01/01/23	14,281	3.00	142	214,215.00	356,215.00	712,530.00
07/01/23	14,139	3.00	139	212,085.00	351,085.00	
01/01/24	14,000	3.00	141	210,000.00	351,000.00	702,085.00
07/01/24	13,859	3.00	137	207,885.00	344,885.00	
01/01/25	13,722	3.00	140	205,830.00	345,830.00	690,715.00
07/01/25	13,582	3.00	137	203,730.00	340,730.00	
01/01/26	13,445	3.00	139	201,675.00	340,675.00	681,405.00
07/01/26	13,306	3.00	134	199,590.00	333,590.00	
01/01/27	13,172	3.00	137	197,580.00	334,580.00	668,170.00
07/01/27	13,035	3.00	134	195,525.00	329,525.00	
01/01/28	12,901	3.00	135	193,515.00	328,515.00	658,040.00
07/01/28	12,766	3.00	133	191,490.00	324,490.00	
01/01/29	12,633	3.00	135	189,495.00	324,495.00	648,985.00
07/01/29	12,498	3.00	133	187,470.00	320,470.00	
01/01/30	12,365	3.00	135	185,475.00	320,475.00	640,945.00
07/01/30	12,230	3.00	29	183,450.00	212,450.00	
01/01/31	12,201	3.00	30	183,015.00	213,015.00	425,465.00
07/01/31	12,171	3.00	18	182,565.00	200,565.00	
01/01/32	12,153	3.00	19	182,295.00	201,295.00	401,860.00
07/01/32	12,134	3.00	5	182,010.00	187,010.00	
01/01/33	12,129	3.00	5	181,935.00	186,935.00	373,945.00
07/01/33	12,124	3.00	29	181,860.00	210,860.00	
01/01/34	12,095	3.00	30	181,425.00	211,425.00	422,285.00
07/01/34	12,065	3.00	15	180,975.00	195,975.00	
01/01/35	12,050	3.00	15	180,750.00	195,750.00	391,725.00
07/01/35	12,035	3.00		180,525.00	180,525.00	
01/01/36	12,035	3.00		180,525.00	180,525.00	361,050.00
07/01/36	12,035	3.00	2,942	180,525.00	3,122,525.00	
01/01/37	9,093	3.00	2,986	136,395.00	3,122,395.00	6,244,920.00
07/01/37	6,107	3.00	3,031	91,605.00	3,122,605.00	
01/01/38	3,076	3.00	3,076	46,140.00	3,122,140.00	6,244,745.00
Totals			\$15,000	\$7,672,305.00	\$22,672,305.00	\$22,672,305.00

*Based on current SRF interest rates for the quarter ending September 30, 2017, plus 100 basis points.

(Subject to the attached letter dated September 14, 2017)
(For Discussion Purposes Only)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
-Wastewater Utility-

SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION

Payment Date	Outstanding				Proposed 2017 Bonds	Total	Bond Year Total
	2011 Bonds	2012A Bonds	2012B Bonds	2015 Bonds			
07/01/17	\$472,178.35	\$3,907,374.70	\$39,027.00	\$923,072.00		\$5,341,652.05	
01/01/18	471,758.55	3,912,967.10	39,027.00	923,524.00	\$37,500.00	5,384,776.65	\$10,726,428.70
07/01/18	472,281.35	3,912,217.10	39,027.00	923,822.00	225,000.00	5,572,347.45	
01/01/19	471,732.40	3,918,188.90	39,027.00	923,966.00	225,000.00	5,577,914.30	11,150,261.75
07/01/19	472,126.05	3,918,807.60	39,027.00	923,956.00	225,000.00	5,578,916.65	
01/01/20	472,447.95	3,919,126.70	39,027.00	923,792.00	225,000.00	5,579,393.65	11,158,310.30
07/01/20	471,698.10	3,926,146.20	39,027.00	923,474.00	370,000.00	5,730,345.30	
01/01/21	471,890.85	3,928,791.20	39,027.00	923,002.00	369,825.00	5,732,536.05	11,462,881.35
07/01/21	472,011.85	3,931,104.50	39,027.00	922,376.00	362,620.00	5,727,139.35	
01/01/22	472,061.10	3,935,086.10	39,027.00	926,596.00	363,490.00	5,736,260.20	11,463,399.55
07/01/22	472,038.60	3,939,714.60	39,027.00	925,585.00	356,315.00	5,732,680.20	
01/01/23	471,944.35	3,938,979.30	39,027.00	924,420.00	356,215.00	5,730,585.65	11,463,265.85
07/01/23	471,778.35	3,943,933.70	39,027.00	923,101.00	351,085.00	5,728,925.05	
01/01/24	472,540.60	3,944,513.60	39,027.00	926,628.00	351,000.00	5,733,709.20	11,462,634.25
07/01/24	472,216.75	3,950,761.80	39,027.00	924,924.00	344,885.00	5,731,814.55	
01/01/25	471,821.15	3,951,614.10	39,027.00	923,066.00	345,830.00	5,731,358.25	11,463,172.80
07/01/25	472,353.80	3,953,124.00	39,027.00	926,054.00	340,730.00	5,731,288.80	
01/01/26	471,800.35	3,956,280.80	39,027.00	923,811.00	340,675.00	5,731,594.15	11,462,882.95
07/01/26	472,175.15	3,959,063.10	39,027.00	926,414.00	333,590.00	5,730,269.25	
01/01/27	472,463.85	3,962,470.90	39,027.00	923,786.00	334,580.00	5,732,327.75	11,462,597.00
07/01/27	471,666.45	3,967,493.50	39,027.00	926,004.00	329,525.00	5,733,715.95	
01/01/28	471,797.30	3,967,109.50	39,027.00	922,991.00	328,515.00	5,729,439.80	11,463,155.75
07/01/28	471,842.05	3,967,372.40	39,027.00	924,824.00	324,490.00	5,727,555.45	
01/01/29	471,800.70	3,973,271.50	39,027.00	926,426.00	324,495.00	5,735,020.20	11,462,575.65
07/01/29	471,673.25	3,975,742.60	39,027.00	922,797.00	320,470.00	5,729,709.85	
01/01/30	472,459.70	3,976,817.80	39,027.00	924,014.00	320,475.00	5,732,793.50	11,462,503.35
07/01/30	472,145.70	5,005,507.80	39,027.00		212,450.00	5,729,130.50	
01/01/31	471,745.60	5,011,813.00	39,027.00		213,015.00	5,735,600.60	11,464,731.10
07/01/31	472,259.40	5,017,551.10	39,027.00		200,565.00	5,729,402.50	
01/01/32	471,672.75	5,024,722.10	39,027.00		201,295.00	5,736,716.85	11,466,119.35
07/01/32		5,503,304.60	39,027.00		187,010.00	5,729,341.60	
01/01/33		5,510,248.20	39,027.00		186,935.00	5,736,210.20	11,465,551.80
07/01/33		5,518,539.10			210,860.00	5,729,399.10	
01/01/34		5,525,155.90			211,425.00	5,736,580.90	11,465,980.00
07/01/34		5,533,109.30			195,975.00	5,729,084.30	
01/01/35		5,541,377.90			195,750.00	5,737,127.90	11,466,212.20
07/01/35		5,548,951.00			180,525.00	5,729,476.00	
01/01/36		5,556,828.60			180,525.00	5,737,353.60	11,466,829.60 *
07/01/36					3,122,525.00	3,122,525.00	
01/01/37					3,122,395.00	3,122,395.00	6,244,920.00
07/01/37					3,122,605.00	3,122,605.00	
01/01/38					3,122,140.00	3,122,140.00	6,244,745.00
Totals	<u>\$14,160,382.40</u>	<u>\$166,835,181.90</u>	<u>\$1,248,864.00</u>	<u>\$24,032,425.00</u>	<u>\$22,672,305.00</u>	<u>\$228,949,158.30</u>	<u>\$228,949,158.30</u>

Average annual debt service for the 16 years ending January 1, 2036

\$11,464,030.78

*Maximum annual debt service

(Subject to the attached letter dated September 14, 2017)
(For Discussion Purposes Only)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
-Wastewater Utility-

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL OPERATING REVENUES

(See Explanation of References, page 6.)

(Amounts rounded to nearest \$100)

Pro Forma Annual Revenue Requirements:

Operation and maintenance expenses (1)	\$12,608,200
Payment in lieu of property taxes (1)	4,000,000
Debt service:	
Outstanding bonds (2)	10,847,800
Proposed 2017 Revenue Bonds (3)	616,200
Debt service reserve:	
Outstanding bonds (4)	-
Proposed 2017 Revenue Bonds (5)	72,200
Replacements and improvements (6)	4,199,100
Revenues required to offset estimated circuit breaker losses (7)	285,000
BAN payments (8)	<u>171,000</u>
Total annual revenue requirements	32,799,500
Less interest income (9)	(29,800)
Less other revenues (9)	<u>(621,700)</u>
Net annual revenue requirements	<u><u>\$32,148,000</u></u>

Pro Forma Annual Revenue:

User fees (10)	<u><u>\$32,148,000</u></u>
Additional revenues required/(surplus)	<u><u>\$0</u></u>

(Continued on next page)

(Subject to the attached letter dated September 14, 2017)

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TERRE HAUTE (INDIANA) SANITARY DISTRICT
-Wastewater Utility-

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL OPERATING REVENUES
(Explanation of References)

- (1) Based on the 2017 budget provided by the Utility officials.
- (2) To provide for the average annual debt service requirement on the outstanding 2011 Bonds, 2012A Bonds, 2012B Bonds and 2015 Bonds.
- (3) To provide an allowance for average annual debt service payments on the proposed Sanitary District Revenue Bonds.

Assumes a \$15,000,000 SRF revenue bond issue at 3% over 20 years and a \$61,591,000 SRF G.O. bond issue at 3% over 20 years to fund the entire project.

- (4) The debt service reserve for the outstanding bonds will be fully-funded by the end of 2017.
- (5) To provide an allowance for the funding of the debt service reserve related to the proposed revenue bonds.
- (6) To provide an allowance for replacements and improvements at a level sufficient to provide for adequate bond coverage. It is the intent of the Sanitary District to utilize any excess allowance that isn't needed for replacements and improvements for the repayment of the \$6,000,000 BAN which matures on 1/1/21. It is anticipated that at least \$2,000,000 will be available in each year from 2018 - 2020, which would result in the full repayment of the BAN prior to maturity.
- (7) To provide an allowance for transfers to the Sanitary District to cover circuit breaker losses and make sufficient funds available for debt service.
- (8) To provide an allowance for the interest on the 2016 BANs.
- (9) Assumed at test year amounts.
- (10) Estimated annual revenues based on full year at updated rates and charges after Jan. 1, 2018.

(Subject to the attached letter dated September 14, 2017)
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TERRE HAUTE (INDIANA) SANITARY DISTRICT
-Wastewater Utility-

SCHEDULE OF PRESENT AND FUTURE RATES AND CHARGES

		Present Rates (1)	Future Rates (2)
(1) <u>Metered Rates:</u>			
	All billed flow after minimum (per 100 cubic feet)	\$8.58	\$9.01
(2) <u>Minimum Charge:</u>	<u>Minimum Cubic Feet Allowed</u>	<u>Monthly Charge</u>	
	All meters	300	
		\$26.87	\$28.21
(3) <u>Unmetered Users:</u>		<u>Monthly Charge</u>	
		\$46.17	\$47.32

- (1) The present rates and charges were adopted on November 10, 2016 per Ordinance No. 15-2016 and became effective on December 1, 2016.
- (2) The future rates and charges were adopted on November 10, 2016 per Ordinance No. 15-2016 and will become effective on January 1, 2018.

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